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15 November 1954

MEMORANDUM FOR: Acting General Counsel

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SUBJECT: Recovery of Indebtedness - [REDACTED]

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1. You will recall that because of erroneous salary payments, Mr. [REDACTED] was found to be indebted to the Agency in the amount of \$5,339.97; that he executed a repayment agreement whereby he undertook to repay this sum in monthly installments of \$225; that by August of this year he had reduced his outstanding indebtedness to \$1,964.97; that thereafter he reduced his monthly installments to \$112.50, alleging his financial inability to continue repayment at the originally agreed rate; and that we have written the subject individual regarding this matter but that we have been unsuccessful in our attempts to secure information regarding his alleged financial distress or his compliance with his repayment agreement.

2. I have discussed this matter informally with Mr. Friend, GAO, setting forth the general fact situation indicating that the original indebtedness has been reduced by more than half; that under the revised installment plan, monthly payments would still exceed \$100; and that the total indebtedness would be liquidated within approximately 18 months. The purpose of my call was to get GAO's informal reaction to prolonging the repayment period despite the fact that [REDACTED] is in default of his agreement. Mr. Friend indicated that in all probability GAO would have no objection to extending the repayment period if it appeared that in due time the Government would be made whole. He also indicated that collection procedures were time consuming and expensive.

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3. While [REDACTED]'s default may be somewhat disconcerting, I do not believe that a continuation of the effort to secure compliance with the original agreement would serve any useful purpose. Since under present circumstances we can anticipate the liquidation of this matter within 18 months and inasmuch as extensions are not contrary to GAO policy, I recommend that [REDACTED]'s offer to continue repayment at the monthly rate of \$112.50 be accepted.

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[REDACTED]
Office of General Counsel

Attachments